

Message Text

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ORIGIN EB-07

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NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 XMB-02

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TO AMEMBASSY SINGAPORE

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E.O. 11652: N/A

TAGS: ETRD

SUBJECT: TRADE ACT OF 1974--QUESTIONS ON COUNTERVAILING
DUTIES AND GSP RULES OF ORIGIN

1. J. F. YOONG OF SINGAPORE EMBASSY IN WASHINGTON AND
Y. C. LEE, DIRECTOR OF NEW YORK OFFICE OF SINGAPORE
ECONOMIC DEVELOPMENT BOARD CALLED ON DIRECTOR OF OFFICE
OF INTERNATIONAL TRADE CARL SCHMIDT APRIL 4 TO DISCUSS
THE TRADE ACT OF 1974, PARTICULARLY THE PROVISIONS OF THE
ACT RELATING TO COUNTERVAILING DUTIES AND THE ORIGIN
REQUIREMENTS OF THE U.S. SYSTEM OF GENERALIZED
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PREFERENCES (GSP).

2. VISITORS ASKED HOW COUNTERVAILING DUTY PROVISIONS WOULD BE APPLIED TO DUTY-FREE IMPORTS UNDER THE GSP. SCHMIDT NOTED THAT COUNTERVAILING DUTIES NOW CAN BE IMPOSED ON FREE ITEMS, INCLUDING GSP ITEMS, BUT THAT SUCH DUTIES ARE SUBJECT TO AN INJURY DETERMINATION BY THE INTERNATIONAL TRADE COMMISSION. SCHMIDT NOTED THAT TREASURY WOULD MAKE A DETERMINATION OF WHETHER PARTICULAR EXPORT INCENTIVE SYSTEM CONSTITUTES A BOUNTY OR GRANT WITHIN MEANING OF COUNTERVAILING DUTY STATUTE ONLY UPON RECEIPT OF COMPLAINT WITH RESPECT TO IMPORTS OF SPECIFIC ITEM. HE SUGGESTED

THAT VISITORS CONTACT APPROPRIATE AUTHORITIES IN TREASURY FOR READIN; ON WHAT CONSTITUTES BOUNTY OR GRANT. VISITORS' MAJOR CONCERN IS SINGAPORE'S EXPORT INCENTIVE PROGRAM WHICH PROVIDES TAX HOLIDAYS FOR NEW FIRMS AND SUBSTANTIAL TAX BREAKS FOR EXPORTING INDUSTRIES.

3. YOONG AND LEE THEN TURNED TO THE QUESTION OF RULES OF ORIGIN UNDER THE U.S. GSP. YOONG POINTED OUT THAT SINCE JANUARY 1 OF THIS YEAR EUROPEAN COMMUNITY PERMITS, UNDER ITS GSP, IMPORTS FROM ALL ASEAN NATIONS TO BE COUNT-ED TOWARD MEETING THE ORIGIN REQUIREMENTS. SINCE TO ENJOY DUTY-FREE TREATMENT UNDER THE U.S. GSP GOODS MUST BE DIRECTLY CONSIGNED TO U.S., GOS IS CONCERNED THAT GOODS NOW BEING TRADED THROUGH SINGAPORE WILL BE DIVERTED. SINGAPORE DERIVES 11 PERCENT OF ITS GNP FROM ENTREPOT TRADE. VISITORS ASKED IF U.S. SYSTEM WOULD PERMIT SAME SORT OF CUMULATION OF IMPORTS WHICH EC SYSTEM NOW PERMITS.

4. SCHMIDT OUTLINED LIMITED CUMULATION PROVISIONS OF TRADE ACT FOR FREE TRADE AREAS OR CUSTOMS UNIONS BUT NOTED THAT ASEAN IS NOT NOW FREE TRADE AREA EVEN IN NAME. HE OBSERVED THAT SEVERAL DEVELOPING COUNTRIES HAVE COMMENTED ON LIMITED SCOPE OF THESE PROVISIONS AND THAT THIS PROBLEM IS UNDER REVIEW WITHIN THE ADMINISTRATION. KISSINGER

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